

REMARKS

As a preliminary note, the Applicant wishes to thank the Examiner for a thorough search and examination.

On page 2 of the Office Action, claims 12-21 have been withdrawn from consideration as being directed to a non-elected invention. Previous to the agreement to withdrawal claims 12-21 by Applicant, the Examiner sorted the claims into group I and II, as the Examiner found the groups “separately usable” from each other. While the Applicant may disagree with the requirement to restrict, Mr. Triplett on behalf of the Applicant made the election to prosecute claims 1-11 and 22 during the phone call on June 1, 2006 in an effort to advance prosecution of the case. Claims that fall under group II have been withdrawn without prejudice and Applicant reserves the right to pursue those claims in a continuation application. Claims 1-11 and 22 are currently pending in the present case.

On page 3 of the Office Action, claims 1-11 and 22 were rejected under 35 U.S.C. 112 as being not sufficiently precise due to the combining of two different statutory classes of invention in a single claim. In a similar rejection, on page 4 of the Office Action, claims 1-11 and 22 were rejected under 35 U.S.C. 101 because the claims include two different statutory classes of invention. Applicant traverses these rejections and respectfully requests reconsideration based on the following remarks.

Claim 1 is clearly stated as a method claim and one of ordinary skill would recognize the class of invention as being a method claim. First, the preamble of claim 1 states “A method for...,” and the method comprises “sending an order on behalf of a trader from a first electronic market to a second electronic market...” The remaining portion of claim 1 further supports the claim by clarifying the environment in which the method operates, and particularly, it clarifies what is meant by a first and second “electronic market.” Claim 1 is not trying to capture both a system and a method for using the system. Indeed, Applicant respectfully submits that it is entirely appropriate to discuss specifics of elements used in a method claim, as such specifics apprise those skilled in the art of its scope. Claims 2-11 depend from claim 1 and are also directed to a method embodiment. Claim 22 is directed to a computer readable medium that can be

used to direct a computer to function in a particular manner when used by the computer and is considered a statutory “article of manufacture.”

On page 5 of the Office Action, claims 1, 10, 11, and 22 are rejected under 35 U.S.C. 102(b) as being anticipated by Garber (US Patent 5,963,923). Applicant traverses this rejection based on the following remarks and respectfully requests reconsideration.

Garber shows a market-making system that maintains a bid and offer market for currencies. See, for example, the market-making system shown as PMM computer 12 in Figure 1 and Col. 5, lines 51-54. A trader outside of the system, represented by “public orders” at 26 or “user input” at 14 in Figure 1, can place orders in the bid and offer market for currencies. Bids and offers are also placed in the currency market by the PMM computer 12 based on information from derivative or options markets, represented at 14 in Figure 1; these bids and offers placed by the PMM computer 12 are referred to as PMM inventory for purposes of maintaining the currency market at 10. If a trade occurs with PMM inventory (bids and offers placed by the PMM computer 12), then the PMM computer automatically transfers risk assumed in the trade to the PMM/Rolling Spot Options computer, which then transfers the risk by making the appropriate transactions within the options trading crowd (e.g., see the options trading crowd at 32, 34, and 36 in Figure 2). See, for example, Figs. 3, 4 and 5, and column 8, lines 23-32 and lines 33-61, also col. 6, lines 48-54 with respect to the options trading crowd in Figure 2. Examples of trades occurring with PMM inventory and then transferring the risk are provided at column 7, lines 8-50. The actions taken by the PMM system, as a result of a trade, attempt to neutralize the PMM’s inventory risk. See, column 6, lines 45-54.

Applicant respectfully submits that Garber does not show an “electronic market” sending an order to another “electronic market,” as called for in claim 1. Rather, Garber provides a system and method “for linking a Rolling Spot currency contract with a Principle Market Maker program” (abstract and summary of invention). At column 1, lines 14-57, Garber describes the use of a human market maker (“Principle,” “designated market makers,” or “PMM”) as known, and the purpose of the market maker is to maintain a market (i.e., by being on both sides of every trade). Garber then shows a principle market maker program at 12 in Figure 1 that injects its own inventory of orders into the currency market at 10 in Figure 1 – orders that are placed by the system itself to

maintain a market. The bidirectional communications link cited by the Examiner at column 4, lines 5-8 is used to manage risk of the PMM computer system taken in position resulting from a trade with its own inventory. For example, Figure 2 of Garber illustrates a transferring of risk between the futures and options computers to neutralize the PMM inventory risk. Thus, the Garber system does not show an “electronic market” sending an order to another “electronic market,” as called for in claim 1, but rather shows two market making programs (PMM computers – which are not “electronic markets”) communicating with each other to transfer risk taken in a position resulting from a trade with its own inventory.

Additionally, Garber does not show “sending an order on behalf of a trader” from a first electronic market to a second electronic market as called for in claim 1. As explained above, Garber teaches that if a trade is completed to the PMM computer’s 44 inventory, the PMM computer 44 will automatically transfer the risk assumed in the trade by transmitting to the PMM Options computer 46 a request to purchase the same amount of put options or sell the same amount of call options, thereby producing a synthetic short sale (e.g., column 8, lines 23-28). This action as taught by Garber does not result in “sending an order on behalf of a trader” from one electronic market to another. Indeed, Garber shows that a trader (e.g., public orders at 26 in Figure 1 and user input at 14 in Figure 1) must enter their own orders into the markets, and does not teach one electronic market sending an order to another electronic market on behalf of the trader.

On page 7 of the Office Action, dependent claims 7 and 8 were rejected under 35 U.S.C. 103(a) as being unpatentable over Garber in view of Bykowsky et al. (U.S. Patent Appl. No. 20020013757). Particularly, the rejection states Bykowsky teaches a limitation missing in Garber, and specifically, Bykowsky teaches the “step of sending a message from the first electronic market to the second electronic market instructing the second electronic market to modify the order sent on behalf of the trader.” Applicant traverses this rejection based on the following remarks and respectfully requests reconsideration.

First, as stated above, Applicant submits that Garber does not at least show the limitation of “sending an order on behalf of a trader from one electronic market to another,” as called for in claim 1. Second, Bykowsky also does not teach the limitation “sending a message from the first electronic market to the second electronic market

instructing the second electronic market to modify the order sent on behalf of the trader.” Bykowsky shows a system that is used to automate the trading of “audience items” (television advertising time), which was currently traded primarily through a burdensome and inefficient series of sequential bilateral negotiations, see, e.g., paragraph 53. At paragraph 55, Bykowsky’s system is described as an “iterative” auction in which buyers and sellers have one or more opportunities to modify a previously submitted buy or sell order. Bykowsky offers these opportunities at various times in rounds, such as “Round #1,” “Round #2,” through “Round #6.” This does not teach “*sending a message from the first electronic market to the second electronic market instructing the second electronic market to modify the order sent on behalf of the trader.*” Indeed, Bykowsky requires that the *buyer or seller do the modifying* directly with the system when an opportunity is presented. That Bykowsky kind of modification is conventional as it is the buyer or seller sending an instruction to the market, in which they trade, to modify their order. Figure 1 of the present application speaks to this sort of conventional order entry/modification and their disadvantages. The presently claimed invention overcomes those disadvantages by transitioning “some of this burden to the exchange by opening communication between the electronic markets so that the electronic market on behalf of the trader can automatically take actions” on page 8 of the present application at lines 9-11.

On page 7 of the Office Action, claim 9 was rejected under 35 U.S.C. 103(a) as being unpatentable over Garber in view of Hauk et al. (U.S. Patent Application No. 20030126068). Applicant traverses this rejection and respectfully requests reconsideration.

To determine obviousness, the claim as a whole must be reviewed. Claim 9 states that the matching engine matches bids and offers according to a first-in-first-out matching algorithm. So, claim 9 further limits the matching process of claim 1, which calls for “sending an order on behalf of a trader from a first electronic market to a second electronic market.” So, while a FIFO matching system may be an old concept, none of the references teach the limitations of claim 9, which calls for a first “electronic market” sending an order on behalf of a trader to a second “electronic market,” where each electronic market comprises a FIFO matching process.

Claim 22 recites similar limitations as claim 1 and is patentable for all the same reasons as given with respect to claim 1. Claims 2-11 are dependent claims of claim 1 and are patentable for all of the same reasons as claim 1.

In view of the reasons provided above, Applicant submits that the invention as claimed in claims 1-11 and 22 particularly point out and distinctly claim the subject matter which Applicant regards as the invention and is directed to statutory subject matter. Additionally, the invention as claimed in claims 1-11 and 22 patentably distinguish over the Garber, Bykowsky, and Hauk references. Each dependent claim adds further limitations supporting individual allowability based on, at least, the detailed discussion for claim 1 provided above. Therefore, Applicant submits that each of these claims in condition for allowance, and Applicant respectfully requests favorable reconsideration. If the Examiner believes that further dialog would expedite consideration of the application, the Examiner is invited to contact Applicant's Patent Counsel Mark Triplett at (312) 476-1151 or the undersigned attorney/agent.

Respectfully submitted,

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